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NEW MEXICO BUSINESS

CURRENT ECONOMIC REPORT

Vol. 11 No. 6
July 1990

The Services Industry in New Mexico

The Services Industry consists of establishments that provide personal or business services to consumers. Examples of businesses classified as Services include hotels and motels, shoe repair shops, advertising agencies, barbers, carwashes, video tape rental shops, hospitals, research and development firms and medical and dental laboratories.

The Office of Management and Budget utilizes a four digit numbering scheme, classifying businesses into Standard Industrial Classification (SIC) codes. These SIC codes ensure continuity in the categorization of businesses and in the collection of statistics by type of industry. Periodically, the code system is revised to allow for new types of businesses, new technologies and changes in consumer tastes and demands. The most recent SIC Manual revision occurred in 1987. By examining statistics classified according to SIC codes, it is possible to determine the relative importance of each industry to the economy. This article will examine the importance of the Services Industry in the U.S., New Mexico and the larger New Mexico counties. Various data sources are used in this review including the New Mexico Department of Labor, the U.S. Bureau of Economic Analysis, the Bureau of Business and Economic Research, the U.S. Census Bureau, and Sunwest Financial Services' *New Mexico Progress Economic Review of 1989*.

Numerous factors propel the Services Industry. For instance, Services are often a function of demographics. If the population is aging, it is likely there will be a greater demand for health services. If the population of an area has a greater dependency on automobiles, as opposed to other modes of transportation, automotive repair services will play a more significant role in the area's economy. Another component affecting the Services Industry is state and federal policy. For instance, federal defense spending can translate into contracts for private sector research and development.

Disposable personal income is also a significant determinant of Services growth. As income rises, demand increases for service related businesses. For example, a dual income family may hire a domestic cleaning service or plan a vacation (using the services of a travel agent) requiring a stay in a hotel.

The Services Industry contributes substantially to the nation's economy. In 1988, according to the U.S. Department of Labor, it constituted the largest sector of nonagricultural employment in the U.S. (Almost a quarter of total nonagricultural employment was attributed to the Services Industry.) Services Industry personal earnings in 1988 made up approximately 25 percent of the total earnings in all industries. The average annual growth rate in personal earnings for Services over the past five years (1984–1988) was 13.2 percent.

The New Mexico economy mimics the nation's in that its largest employing industry is also Services. Statistics from the New Mexico Department of Labor show that 1988 total nonagricultural employment was 547,500, of these, 133,400 were in Services. The largest Services sector was Health Services (31,700 jobs or 24 percent of total Services employment). Health Services in New Mexico has expanded with New Mexico's growing population and various innovations in the industry. For example, there has been considerable growth in the number of private sector mental health facilities and neighborhood urgent care centers. Additionally, the state's population is gradually aging, leading to an increase in nursing homes and associated care for the aged. It is anticipated that after 2010 the 65 plus age cohort will begin an accelerated increase, primarily due to the aging of the baby boomers.

New Mexico's next major sector in Services is Engineering and Management Services, which accounted for 22,500 jobs in 1988. This sector includes those businesses primarily engaged in providing engineering, architectural, accounting, research, management and related services. Larger companies in this sector include BDM International, Sandia National Laboratories and DynCorp.

Personal earnings, tabulated by the U.S. Bureau of Economic Analysis, show that the New Mexico Services Industry constituted 35 percent of total 1988 private earnings (Private earnings exclude farm and government sectors.), making it the biggest contributor to private earnings. Services earnings experienced a respectable growth rate over the 1984–1988 period with an average annual increase of 14.1 percent.

An additional source of information, regarding the Services Industry, is the *1987 Census of Service Industries for New Mexico*, published by the U.S. Census Bureau. According to the Census, there were 9,471 Services establishments in New Mexico subject to federal income tax, generating $4.2 billion in receipts and spending $1.6 billion for annual payroll. (Establishments are defined as a single physical location at which business is conducted. Receipts include the dollar value amount received from customers or clients for services rendered. Annual payroll includes all forms of compensation, such as salaries, wages, commissions, bonuses, etc... paid during the year to all employees.) For the period 1982-1987, receipts

(continued on page 7)

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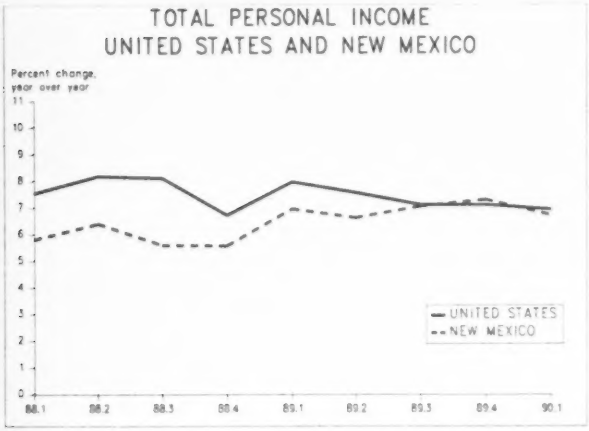
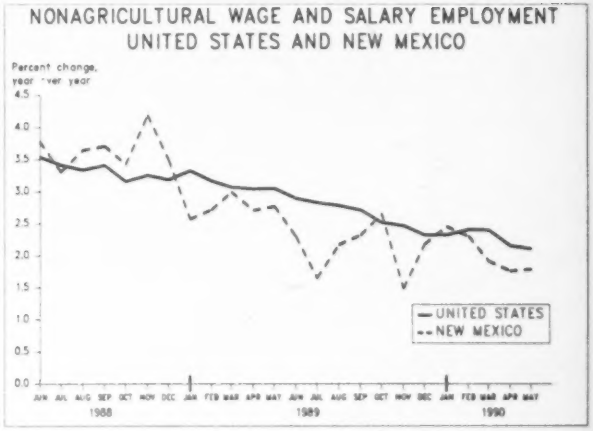
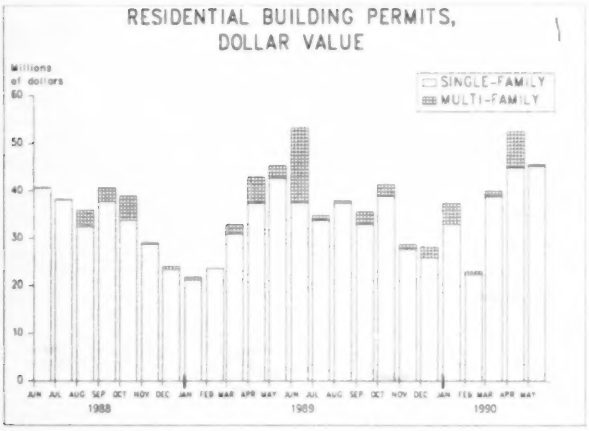
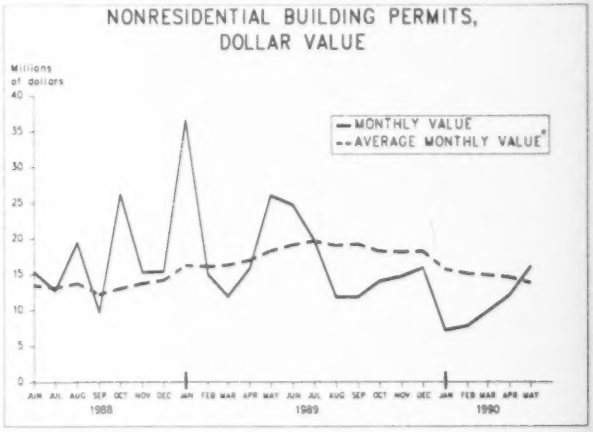
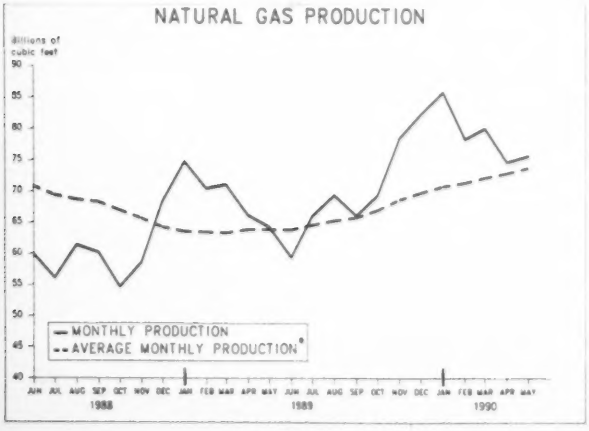
ECONOMIC TRENDS IN NEW MEXICO

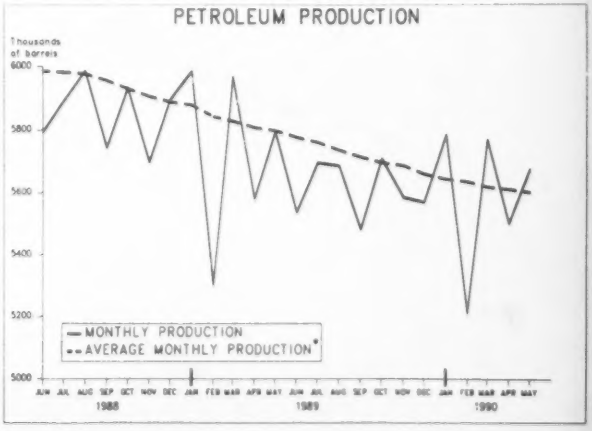












* 12 month moving average. For example, the point for August, 1988 represents an average of data from September, 1987 through August, 1988.

U.S. ECONOMIC INDICATORS

	CURRENT MO/QTR	DATA	% CHANGE YEAR AGO	PREVIOUS MO/ QTR DATA
Consumer price index				
All urban consumers (1982-84=100)				
All items	May 90	129.2	4.4	128.9
Food and beverages	May 90	131.1	5.1	131.0
Housing	May 90	127.1	4.1	126.8
Apparel and upkeep	May 90	125.5	4.2	126.7
Transportation	May 90	117.7	1.5	117.3
Medical care	May 90	160.8	9.0	159.8
Entertainment	May 90	131.7	4.9	131.4
Other goods and services	May 90	156.6	7.7	155.8
Revised series, wage earners and clerical workers (1982-84=100)				
All items	May 90	127.5	4.1	127.3
Gross national product* ($Bil. constant)	Q1 90	4193.4	2.1	4174.1
Prime interest rate** (% per annum)	May 90	10.0	-13.0	10.0
Mortgage interest rate*** (% per annum)	May 90	10.3	1.0	10.2
3 month treasury bill# (% per annum)	May 90	7.8	-7.4	7.8
Industrial production## (1987=100)	May 90	109.7	1.3	109.0
Manufacturers new orders## ($Bil.)	Apr 90	235.7	-1.8	241.1

NEW MEXICO AND U.S. COMPARISONS

		NEW MEXICO			UNITED STATES		
	CURRENT MO/QTR	CURRENT MO/QTR DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	CURRENT MO/QTR DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA
Employment (000)	May 90	658.5	1.4	655.4	118,277	1.1	117,359
Unemployment rate (%)	May 90	6.5	-	6.7	5.1	-	5.2
Nonagricultural employment (000)	May 90	571.5	1.8	568.1	111,031	2.1	110,263
Personal income### ($Mil.)	Q1 90	20,938	6.7	20,728	4,548,951	6.9	4,462,173
Housing units permitted							
Single	May 90	561	3.7	538	82,582	-12.5	78,720
Multi	May 90	15	-84.2	59	23,856	-39.7	25,810

Note: Selected data items subject to revision.
N Not available.
* 1982 dollars at seasonally adjusted annual rates.
** Closing rate for month.
*** Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years.
# Rate on new issues within period; bank discount basis.
Monthly data seasonally adjusted.
Quarterly data seasonally adjusted at annual rates.
Sources: U. S. Department of Labor, News: CPI data;
New Mexico Department of Labor and U. S. Bureau of Labor Statistics: employment and unemployment data.
U. S. Department of Commerce, Bureau of Economic Analysis: income data;
U. S. Department of Commerce, Bureau of the Census: construction data.
U. S. Council of Economic Advisors, Economic Indicators: all other data.

NEW MEXICO ECONOMIC INDICATORS

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	% CHANGE@ 12 MONTH AVERAGES
1. GENERAL					
Civilian labor force* (000)	May 90	704.2	1.3	702.1	1.4
Total employment* (000)	May 90	658.5	1.4	655.4	2.4
Unemployment* (000)	May 90	45.7	-0.2	46.7	-10.8
Unemployment rate (%)	May 90	6.5	-	6.7	-
Weekly new unemployment insurance claims	May 90	1084.0	10.8	1105.0	-7.1
Nonagricultural wage/salary employment**(000)	May 90	571.5	1.8	568.1	2.1
Personal income*** ($ mil.)	Q1 90	20938.0	6.7	20728.0	6.9
New business incorporations	Apr 90	240.0	34.8	286.0	11.2
Business failure liabilities ($ 000)	Dec 89	1642.0	137.3	4004.0	-61.1
2. AGRICULTURAL RECEIPTS					
Livestock and products ($ mil.)	Apr 90	75.7	10.7	80.8	20.6
Crops ($ mil.)	Apr 90	18.4	-6.1	17.7	12.5
Total ($ mil.)	Apr 90	94.1	7.1	98.5	18.0
3. MINING					
Employment** (000)	May 90	14.5	1.4	14.6	0.7
Average hourly earnings ($)	May 90	12.56	4.8	12.82	3.9
Petroleum production (000 bbls.)	May 90	5670.7	-2.1	5498.9	-3.4
Natural gas production (bil. cu. ft.)	May 90	75.7	17.7	74.7	15.6
Coal production (000 short tons)	May 90	2421.0	12.0	2456.0	8.9
Oil well completions&	May 90	48.0	26.3	30.0	0.4
Gas well completions&	May 90	28.0	-39.1	78.0	28.6
Total footage drilled&& (000)	May 90	406.9	2.9	534.6	-0.3
Oil sales ($ mil.)	Dec 89	96.3	28.9	97.7	17.8
Gas sales ($ mil.)	Dec 89	133.7	68.2	111.9	4.6
4. CONSTRUCTION					
Employment** (000)	May 90	28.7	-7.4	27.8	-3.9
Average hourly earnings ($)	May 90	10.66	-3.5	10.92	2.6
Residential units permitted	May 90	576.0	-9.4	597.0	2.2
Residential building permits ($ mil.)	May 90	45.5	0.7	52.4	10.4
Nonresidential building permits ($ mil.)	May 90	16.1	-38.1	12.1	-24.4
Residential construction contracts ($ mil.)	May 90	46.6	-17.2	61.3	-7.3
Nonresidential construction contracts ($mil.)	May 90	23.3	-2.5	13.8	-19.3
Nonbuilding construction contracts ($ mil.)	May 90	14.7	-30.0	27.4	-27.9
5. TRANSPORTATION/COMMUNICATION/UTILITIES					
Employment** (000)	May 90	28.5	-2.1	28.8	-0.3
Communications average hourly earnings ($)	May 90	14.96	9.6	14.74	2.3
Utilities average hourly earnings## ($)	May 90	14.67	2.8	14.73	2.0
6. MANUFACTURING					
Employment** (000)	May 90	42.7	2.9	42.4	3.1
Average hourly earnings ($)	May 90	8.75	2.0	8.99	-0.3
Electric & electronic equipment employment** (000)	May 90	5.8	1.8	5.7	1.8
Transportation equipment employment** (000)	May 90	5.4	1.9	5.4	1.9
Food & kindred products employment** (000)	May 90	4.6	24.3	4.5	15.0
Textile & apparel employment** (000)	May 90	2.6	-7.1	2.7	0.0
Lumber & wood products employment** (000)	May 90	2.5	0.0	2.4	0.0

NEW MEXICO ECONOMIC INDICATORS (continued)

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	% CHANGE# 12 MONTH AVERAGES
7. TRADE					
Wholesale employment** (000)	May 90	24.5	1.7	24.4	2.1
Retail employment** (000)	May 90	110.9	0.3	109.1	2.1
Average hourly earnings ($)	May 90	6.94	0.4	6.91	4.1
8. FINANCE/INSURANCE/REAL ESTATE					
Employment** (000)	May 90	26.7	1.5	26.7	0.8
Bank average hourly earnings ($)	May 90	6.53	-0.3	6.59	4.7
Bank total assets ($ mil.)	Q1 90	10429.0	1.8	10727.0	4.1
Bank total deposits ($ mil.)	Q1 90	9088.0	5.5	8977.0	3.7
Bank net loans ($ mil.)	Q1 90	5560.0	-1.4	5813.0	1.0
S & L total assets ($ mil.)	Dec 89	4871.0	-9.6	4943.0	-9.7
S & L total deposits ($ mil.)	Dec 89	4445.0	-4.6	4492.0	-4.8
S & L new mortgage loans closed&&& ($ mil.)	Dec 89	58.0	-37.0	46.0	-30.7
9. SERVICES AND TOURISM					
Total service employment** (000)	May 90	141.5	2.2	141.2	3.0
Lodging employment** (000)	May 90	11.6	-1.7	11.5	0.9
Eating & drinking places employment** (000)	May 90	42.0	0.7	41.3	3.2
Visits to state parks (000)	May 90	529.8	-16.4	464.3	-10.5
Visits to national parks/monuments (000)	May 90	220.8	-2.2	193.5	3.3
Passenger traffic at Albuquerque airport@ (000)	May 90	428.4	9.9	403.8	9.6
Lodgers tax receipts ($ 000)	Q1 90	2269.9	10.0	3032.9	16.8
Lodging occupancy rates (%)	May 90	69.6	-4.3	66.5	3.2
10. GOVERNMENT					
Total government employment** (000)	May 90	153.5	5.1	153.1	2.9
Federal employment** (000)	May 90	34.5	7.8	33.0	2.2
State employment** @@ (000)	May 90	52.8	5.6	54.3	4.5
Local employment** (000)	May 90	66.2	3.3	65.8	1.7
Total general fund revenues@@@ ($ mil.)	May 90	191.6	6.3	178.1	7.1

Note: selected data items subject to revision.
N Not available.
* Number of persons by place of residence.
** Number of jobs by place of work.
*** Quarterly data seasonally adjusted at annual rates.
& These include wells that are in the following categories: new drillings, deepened, plugged back, reentry and additional zone.
&& Oil and gas combined.
&&& New mortgage loans closed equals the previously carried item "Total loans closed" plus a relatively insignificant additional loan category.
# For example, in the report that contained June 1985 figures this would be the percent change in the average of July 1983 to June 1984 data versus the average of July 1984 to June 1985 data.
Does not include transportation.
@ Passenger traffic includes enplanements and deplanements.
@@ This figure includes full and part time employment at Los Alamos National Laboratory (LANL). Full time equivalent employment (FTE) at LANL is 7,700 as of April 1989 according to LANL Personnel Dept.
@@@ Includes recurring and non-recurring revenues.

Sources: New Mexico Department of Labor: Sections 1, 3, 4, 5, 6, 7, 8, 9, 10;
Dun and Bradstreet, Inc.: Section 1;
U. S. Dept of Commerce, Bureau of Economic Analysis: Section 1;
USDA Statistical Reporting Service: Section 2;
New Mexico Energy, Minerals and Natural Resources Dept., Oil and Gas Conservation Division: Section 3;
New Mexico Taxation and Revenue Dept., Oil and Gas Accounting Division: Section 3;
U. S. Dept. of Energy, Energy Information Administration: Section 3;
U. S. Dept. of Commerce, Bureau of the Census: Section 4;
F. W. Dodge Company (a division of McGraw Hill, Inc.): Section 4;
U. S. Federal Reserve: Section 8;
Federal Home Loan Bank of Dallas: Section 8;
U. S. Federal Deposit Insurance Corporation: Section 8;
New Mexico Energy, Minerals and Natural Resources Dept., Park and Recreation Division: Section 9;
U. S. National Park Service: Section 9;
City of Albuquerque, Albuquerque International Airport: Section 9;
New Mexico Dept. of Finance and Administration, Local Government Division: Section 9;
Pannell, Kerr and Forster: Section 9;
New Mexico Dept. of Finance and Administration: Section 10.

CITIES, COUNTIES AND FEATURES

GROSS RECEIPTS# FROM RETAIL TRADE
TOP 20 CITIES
($000)

	CURRENT 3 MONTH AVERAGE* MAR-MAY	% CHANGE AVERAGE YEAR AGO	PREVIOUS 3 MONTH AVERAGE* DEC-FEB
Alamogordo	$ 14,454	-7.6	$ 14,999
Albuquerque	242,206	2.2	272,166
Artesia	5,493	11.7	5,906
Carlsbad	13,660	6.1	13,870
Clovis	16,548	-4.0	18,319
Deming	5,845	-3.3	6,141
Espanola	6,671	1.6	6,883
Farmington	31,507	8.5	36,188
Gallup	23,852	5.3	23,959
Hobbs	16,556	-6.2	17,880
Las Cruces	38,734	1.7	40,935
Las Vegas	6,408	7.0	6,565
Los Alamos	6,788	16.1	7,372
Portales	5,140	-5.0	5,159
Rio Rancho	6,362	10.1	6,615
Roswell	20,443	4.6	22,775
Ruidoso	5,216	4.9	5,741
Santa Fe	55,422	8.1	61,075
Silver City	8,064	-6.5	8,795
Taos	8,263	7.3	9,108
State total	693,372	3.0	752,536

\# Gross receipts reported are for gross receipts tax purposes, which do not include all the receipts of all firms.
* Averages are used to smooth out fluctuations in the data, which are not caused by changes in economic conditions.

Source: New Mexico Taxation and Revenue Department.

NEW MEXICO CONSTRUCTION@
SELECTED CITIES

	NUMBER OF BUILDING UNITS OR PERMITS *				VALUE OF BUILDING PERMITS ($000)			
	MAY 1990	MAY 1989	CUMULATIVE TOTAL THROUGH MAY 1990	CUMULATIVE TOTAL THROUGH MAY 1989	MAY 1990	MAY 1989	CUMULATIVE TOTAL THROUGH MAY 1990	CUMULATIVE TOTAL THROUGH MAY 1989
NEW RESIDENTIAL**								
Alamogordo	6	7	20	26	$ 428	$ 395	$ 1,543	$ 1,664
Albuquerque, Total	118	149	930	610	10,978	12,399	64,229	47,178
Single Family	118	143	550	580	10,978	12,232	47,591	46,846
Multi Family	0	6	380	30	0	167	16,638	333
Carlsbad	4	1	12	6	445	80	962	439
Clovis	25	7	111	47	1,679	576	12,608	2,754
Farmington	10	4	20	12	798	302	1,453	781
Hobbs	0	0	0	2	0	0	0	183
Las Cruces	34	39	144	315	1,920	2,310	9,206	12,935
Los Alamos	5	1	14	6	851	115	2,073	782
Rio Rancho	53	62	142	365	2,568	2,901	6,997	17,455
Roswell	9	2	29	24	729	141	2,304	1,691
Ruidoso	9	3	31	19	753	304	2,804	1,250
Santa Fe	33	80	210	299	3,540	5,515	24,671	17,494
NEW NONRESIDENTIAL								
Alamogordo	8	9	26	29	406	82	1,144	702
Albuquerque	2	9	9	17	2,500	12,852	23,875	49,479
Carlsbad	9	5	33	27	64	17	711	331
Clovis	1	0	8	4	71	0	554	548
Farmington	0	1	3	2	0	132	193	247
Hobbs	0	1	7	5	0	36	811	2,505
Las Cruces	13	5	62	43	1,759	821	3,921	2,610
Los Alamos	4	0	9	3	7	0	601	49
Rio Rancho	0	1	1	5	0	88	200	1,238
Roswell	11	8	36	37	153	83	1,200	1,038
Ruidoso	1	0	8	2	189	0	348	481
Santa Fe	12	6	32	24	3,959	913	6,713	4,857

Note: Top twelve cities chosen on basis of residential construction activity during the period 1982 through 1984.
@ Data refer only to permits authorized for private construction projects. Public buildings and projects are excluded.
* Residential data shows the number of permitted units, while nonresidential data shows the number of permits.
** Residential data includes both single and multi-family units. In the case of Albuquerque, single and multi-family units are also shown separately.

Sources: U. S. Department of Commerce, Bureau of the Census: all cities, except for Rio Rancho;
City of Rio Rancho: Rio Rancho only.

CITIES, COUNTIES AND FEATURES (continued)

ESTIMATED CIVILIAN LABOR FORCE AND EMPLOYMENT
(000)

	NEW MEXICO			ALBUQUERQUE MSA*			LAS CRUCES MSA**			SANTA FE MSA***		
	MAY p	% CHANGE YEAR AGO	APRILr	MAY p	% CHANGE YEAR AGO	APRILr	MAY p	% CHANGE YEAR AGO	APRILr	MAY p	% CHANGE YEAR AGO	APRILr
TOTAL CIVILIAN LABOR FORCE	704.2	1.3	702.1	264.6	-0.2	263.4	60.5	4.9	59.5	68.6	3.5	67.8
Employment@	658.5	1.4	655.4	250.7	-0.4	249.0	56.4	4.6	55.1	66.2	4.1	65.4
Unemployment	45.7	-0.2	46.7	13.9	4.5	14.4	4.1	7.9	4.4	2.4	-11.1	2.4
Unemployment rate (%)	6.5	-	6.7	5.3	-	5.5	6.8	-	7.4	3.5	-	3.5
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT	571.5	1.8	568.1	243.9	1.2	242.6	45.0	5.4	44.7	58.6	4.8	57.5
Mining	14.5	1.4	14.6	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1
Contract construction	28.7	-7.4	27.8	12.5	-8.8	12.3	2.6	4.0	2.5	2.7	-3.6	2.5
Manufacturing	42.7	2.9	42.4	21.1	-0.5	21.0	3.7	2.8	3.5	1.8	5.9	1.8
Durable goods	28.7	1.1	28.5	15.1	-1.3	15.0	1.7	0.0	1.6	1.2	9.1	1.2
Nondurable goods	14.0	6.9	13.9	6.0	1.7	6.0	2.0	5.3	1.9	0.6	0.0	0.6
Transportation & public utilities	28.5	-2.1	28.8	12.6	0.0	12.5	1.6	6.7	1.6	1.0	0.0	0.9
Trade	135.4	0.5	133.5	61.0	1.2	60.5	9.2	3.4	9.1	11.0	0.9	10.8
Wholesale	24.5	1.7	24.4	14.5	0.0	14.5	1.0	0.0	1.0	1.0	11.1	1.0
Retail	110.9	0.3	109.1	46.5	1.5	46.0	8.3	3.7	8.1	10.1	1.0	9.9
Finance,insurance, & real estate	26.7	1.5	26.7	14.4	0.7	14.3	1.7	0.0	1.7	2.2	4.8	2.1
Services	141.5	2.2	141.2	72.2	2.1	71.6	7.7	5.5	7.8	15.5	4.7	15.3
Government	153.5	5.1	153.1	50.0	3.7	50.3	18.5	7.6	18.5	24.5	7.9	24.1
Federal	34.5	7.8	33.0	14.5	4.3	14.2	4.6	7.0	4.5	2.0	11.1	1.8
State	52.8	5.6	54.3	13.1	3.1	13.8	7.8	9.9	7.9	18.0	7.1	17.8
Local	66.2	3.3	65.8	22.4	3.7	22.3	6.1	5.2	6.1	4.5	9.8	4.5

N Not available, less than 50 jobs.
P Preliminary.
R Revised.

* Bernalillo County.
** Dona Ana County.
*** Santa Fe and Los Alamos Counties.
@ Includes labor disputes.

Source: New Mexico Department of Labor.

Services Industry . . .

(continued from page 1)

have risen 65.3 percent and annual payroll has increased 72.7 percent. A sample of the sectors with significant percentage increases (greater than 100 percent) are: detective agencies and protective services; testing laboratories; sign painting shops; automotive transmission repair shops; watch, clock and jewelry repair shops; schools and educational services not elsewhere classified (such as, art schools, flying instruction schools, public speaking schools and language schools); and child day care services.

The *1987 Census of Service Industries* also provides data for firms exempt from Federal income tax. Some of these sectors have been experiencing increasing expenses. One of these sectors is Theatrical Producers (except Motion Pictures), Bands, Orchestras and Entertainers. Included in this sector are Opera Southwest, the New Mexico Symphony Orchestra and Southwest Ballet Company. The expenses for this SIC code have increased substantially (74.2 percent) as compared to the overall increase in expenses for tax exempt firms in New Mexico (45.8 percent).

Following the Nation and New Mexico, Bernalillo County's largest industry in terms of employment is Services. In 1988, Bernalillo County (the Albuquerque MSA) accounted for half of the total employment in the state's Services Industry. According to Sunwest's *New Mexico Progress*, of the State's major employers in Spring 1990, five are categorized in the Services Industry (Southwest Community Health Services, Sandia National Laboratories, BDM International, Lovelace and The St. Joseph Healthcare System) and are located in Albuquerque.

Approximately 27 percent of the Santa Fe MSA's (Santa Fe and Los Alamos counties) nonagricultural employment was credited to Services. Health Services accounted for almost 24 percent of the MSA's total Services employment, while Hotels and Other Lodging Places made up 14 percent of total Services. The remaining Services sectors (Business, Personal, Social and Engineering and Management) contributed 63 percent of 1988 Services employment. Two larger employers that are classified in Services are St. Vincent Hospital and Pan Am World Services (a management service company located in Los Alamos).

The Las Cruces MSA (Dona Ana County) had 6,900 persons employed in Services in 1988. This made up just over 5 percent of the state's total Services jobs. Included in the sector are private companies located in Dona Ana County which perform contract work for White Sands Missile Range. Many of these firms are classified in SIC code 87, Engineering and Management.

Otero County's Services employment contributed 28 percent of the total nonagricultural employment for that county. Like Las Cruces, Otero also has services support for a military

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Services Industry . . .

(*continued from page 7*)

installation, Holloman Air Force Base. One company that provides contract engineering and research services to Holloman is DynCorp.

Reviewing the *1987 Census of Service Industries for New Mexico*, Bernalillo County is ranked first in the number of establishments (4,082) subject to federal income tax and receipts ($2.6 billion) compared to other New Mexico counties. Within the Services Industry in Bernalillo, Health Services is ranked first in establishments (975), second is Business Services with 629 and third is Engineering and Management Services with 607. However, Engineering and Management Services comprise 45 percent of the total receipts generated in Bernalillo County. Health Services provide 19 percent of total receipts and Business Services provide 10 percent. The annual payroll for the top three sectors are $481 million for Engineering and Management Services, $214 million for Health Services and $118 million for Business Services.

The Santa Fe MSA essentially follows the same trend as the Albuquerque MSA in that Health Services has the greatest number of establishments within the Services Industry (28 percent), next is Engineering and Management Services (17 percent) and third is Business Services (12 percent). Receipts by sector rank Engineering and Management Services first with $164 million, second is Health Services with $130 million and third is Hotels and Other Lodging Places with $57 million. The Santa Fe MSA produced $505 million in receipts for all Services Industries.

The Las Cruces MSA generated $236 million in Services receipts in 1987. Engineering and Management Services contributed $74 million, while Health Services posted $64 million. Amusement and Recreation Services and Business Services were the next largest sectors, recording $20 million and $18 million, respectively.

Amusement and Recreation Services tend to be relatively important in all three of the state's MSA's. Each of these MSA's (Albuquerque, Las Cruces and Santa Fe) have large population concentrations leading to the growth of motion picture and video rental establishments. Additionally, all three MSA's have horse racing tracks and Albuquerque has professional sports teams.

Los Alamos County ranks fourth in the state in receipts, posting total receipts of $164 million. In 1987, the annual payroll dispersed was $72 million. As noted previously, income plays an important role in propelling Services. Since Los Alamos has the highest per capita income in the state, more money is available to spend on personal services.

The only other counties in New Mexico that generated total Services receipts over $100 million were Lea ($125 million), San Juan ($114 million) and Otero ($101 million). Lea and San Juan counties have many businesses that provide services to the oil and gas industry, while Otero County has businesses providing support to the defense industry.

Overall, the Services Industry plays a significant role in the economy of the nation, New Mexico and New Mexico's counties. As the economy continues to shift from manufacturing to a services based economy, the Services Industry will continue to grow in importance.

Juliana C. Boyle
Economist

Editor's Note: A typographical error appears in the article "Tourism in New Mexico: A Study of New Mexico Tourism and Travel Division Patrons" contained in the April 1990 edition of *New Mexico Business*. On page 7, the second column, it was stated that a 75 percent confidence factor was applied to the survey results. The article should have stated that a 95 percent confidence factor was applied.

Subscription Price: $20.00 for one year; $36.00 for two years; $48.00 for three years.
Single copies: Jan.–Feb. issue $3.50; all others $2.50

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